

This letter refers to the Department's rules regarding the Farm Machinery & Equipment Exemption. See 86 Ill. Adm. Code 130.305. (This is a GIL.)

February 24, 2004

Dear Xxxxx:

This letter is in response to your letter dated August 22, 2003, in which you request information. We apologize for the delay in responding to your inquiry. The Department issues two types of letter rulings. Private Letter Rulings ("PLRs") are issued by the Department in response to specific taxpayer inquiries concerning the application of a tax statute or rule to a particular fact situation. A PLR is binding on the Department, but only as to the taxpayer who is the subject of the request for ruling and only to the extent the facts recited in the PLR are correct and complete. Persons seeking PLRs must comply with the procedures for PLRs found in the Department's regulations at 2 Ill. Adm. Code 1200.110. The purpose of a General Information Letter ("GIL") is to direct taxpayers to Department regulations or other sources of information regarding the topic about which they have inquired. A GIL is not a statement of Department policy and is not binding on the Department. See 2 Ill. Adm. Code 1200.120. You may access our website at www.ILTAX.com to review regulations, letter rulings and other types of information relevant to your inquiry.

The nature of your inquiry and the information you have provided require that we respond with a GIL. In your letter you have stated and made inquiry as follows:

I would like to request a Private Letter Ruling. If this is not appropriate I would like to request a General Information Letter. I need sufficient clarification to resolve a sales tax issue.

I contacted the Revenue Tax Specialist - Tax Payer Information Department and spoke with PERSON. I would like to know the department's ruling in reference to 35 ILCS 110/3-5 paragraph (7).

Our situation is as such. We are purchasing a water well drill rig. I understand that paragraph (10) has removed tax exemptions for Oil drilling rigs but also understand that legislation kept in place continuation of farm machinery exemptions in paragraph (7).

We are in the process of buying a used water well drill rig from ABC. I would like to know if 35 ILCS 110/3-5 paragraph (7) would include our water well drill rig being that our service is to provide drinkable water. A large percentage of our customers are farmers and need water for watering crops and livestock. We provide water wells for irrigation. We also put in wells and watering systems for horse farms and private water wells for home owners.

Thank you for your help in this situation.

DEPARTMENT'S RESPONSE:

We regret that we cannot provide you with a specific answer in the context of a General Information Letter. Please see the Department's rules on our website listed below regarding the Farm Machinery and Equipment Exemption, 86 Ill. Adm. Code 130. 305.

I hope this information is helpful. If you require additional information, please visit our website at www.ILTAX.com or contact the Department's Taxpayer Information Division at (217) 782-3336. If you are not under audit and you wish to obtain a binding PLR regarding your factual situation, please submit a request conforming to the requirements of 2 Ill. Adm. Code 1200.110 (b).

Very truly yours,

Terry D. Charlton
Associate Counsel

TDC:msk